



Southwest Washington

Labor Market News

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Monthly Review

“Well he went down to dinner in his Sunday best...”

Warren Zevon, “Excitable Boy”

Product updates

New occupational wage data is available for the state and areas within the state, including Clark County, Cowlitz County, and the Portland metro area. The data includes hourly and annual wages for hundreds of occupations. Please send me an email if you would like a copy.

Also, county data tables have been updated, with over 70 tables and graphs of employment, wages, population demographics, income and poverty, taxable retail sales, and housing. Contact me for a copy. The ideal gift for the data geek (including yourself) in your life.

State of the Nation

GDP and the four horses economic indicators of the Apocalypse:

Across the nation, the economy seemed to slow a bit in April. Indicators like housing starts and industrial production declined, and a number of regional manufacturing surveys indicated sluggish growth at best. The slow recovery continues.

Two pointed questions

What does morality have to do with economics? Will the onslaught *ever* stop?

The answer to the first one is, plenty. Adam Smith, the 18th Century Scotsman who is widely known as the father of economics, was actually a moral philosopher who dabbled a bit in economic analysis.

The second question requires some elaboration: when will the banking scandals end? First we found out about the bundling and selling of bad mortgages and their derivatives that blew up the economy. Then there was the LIBOR scandal. Per [Matt Taibbi](#) in *Rolling Stone*:

... at least three – and perhaps as many as 16 – of the name-brand too-big-to-fail banks have been manipulating global interest rates, in the process messing around with the prices of upward of \$500 trillion (that's trillion, with

April 2013 Unemployment Rates			
	Apr. 2013	Mar. 2013	Apr. 2012
Seasonally Adjusted:			
U.S.	7.5	7.6	8.1
U.S. U-6	13.9	13.8	14.5
Washington	7.0	7.3	8.4
Oregon	8.0	8.2	8.8
Portland Metro	7.5	7.8	8.3
Unadjusted:			
U.S.	7.1	7.6	7.7
Washington	6.5	7.5	8.0
Oregon	7.8	8.7	8.7
Clark	7.8*	10.1	10.9
Cowlitz	9.7	11.2	10.7
Wahkiakum	11.0	12.3	12.0
Portland Metro	7.1	8.0	8.1
*See text. Data will likely be revised upward.			

a "t") worth of financial instruments. When that sprawling con burst into public view last year, it was easily the biggest financial scandal in history – MIT professor Andrew Lo even said it "dwarfs by orders of magnitude any financial scam in the history of markets."

That was then, this is now, what Taibbi calls "The Biggest Price-Fixing Scandal Ever": interest rate swaps.

Interest-rate swaps are a tool used by big cities, major corporations and sovereign governments to manage their debt, and the scale of their use is almost unimaginably massive. It's about a \$379 trillion market, meaning that any manipulation would affect a pile of assets about 100 times the size of the United States federal budget.

Regulators are looking into whether or not a small group of brokers at ICAP may have worked with up to 15 of the world's largest banks to manipulate ISDAfix, a benchmark number used around the world to calculate the prices of interest-rate swaps... It should surprise no one that among the players implicated in this scheme to fix the prices of interest-rate swaps are the same megabanks – including Barclays, UBS, Bank of America, JPMorgan Chase and the Royal Bank of Scotland – that serve on the Libor panel that sets global interest rates. In fact, in recent years many of these banks have already paid multimillion-dollar settlements for anti-competitive manipulation of one form or another...

Which brings us back to morals, or lack thereof. If someone engages in immoral actions, there is always the chance that they can be shamed into contrition; at least they can condemn themselves as they go down swinging (see any number of Shakespeare's plays for examples). But what if someone lacks any kind of moral compass? That's when we get truly pathological behavior. Economist [Jeffrey Sachs](#) maintains that is exactly what we have with Wall Street, and he is not using "pathological" metaphorically, he means exactly what he says:

But I meet a lot of these people on Wall Street on a regular basis right now. I'm going to put it very bluntly. I regard the moral environment as pathological. And I'm talking about the human interactions that I have. I've not seen anything like this, not felt it so palpably. These people are out to make billions of dollars and nothing should stop them from that. They have no responsibility to pay taxes. They have no responsibility to their clients. They have no responsibility to people, counterparties in transactions.

State of the States—and PDX

Washington's economy has slowly been accelerating, with job growth now above 2 percent. The labor force has started to expand, and unemployment has been dropping for positive reasons (job growth) instead of negative ones (people dropping out of the labor force). Unemployment fell to 7.0 percent in April. If employment continues to grow, the unemployment rate may not fall as fast, as more people who have withdrawn from the labor force jump back in.

Oregon's job growth continues to be slower—around 1.7 percent, closer to the national average—and its unemployment remained a point higher (8.0 percent) in April. Unlike Washington, Oregon's labor force has continued to shrink. Job growth in the Portland metro area is stronger (2.2 percent) and unemployment has continued to drop.

Regional Roundup

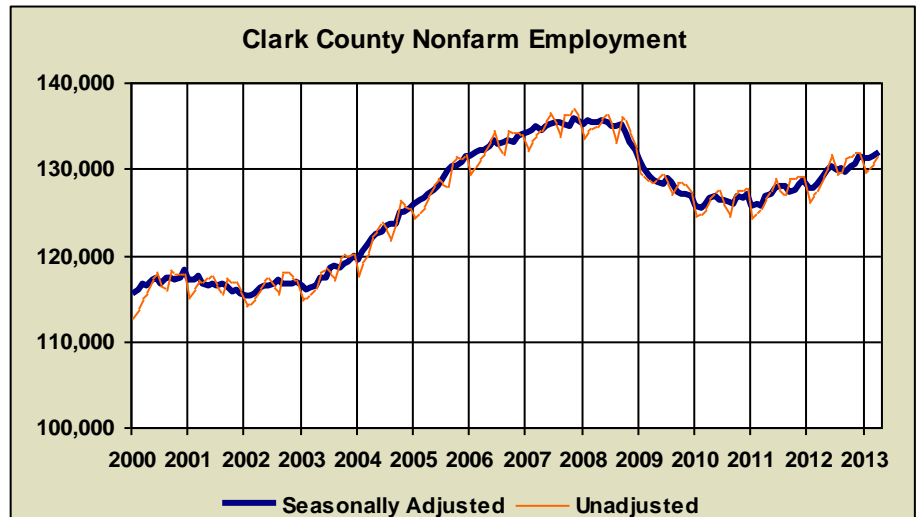
Employment numbers were revised based on tax returns in the fourth quarter of 2012. Clark and Wahkiakum were both boosted upwards, not so for Cowlitz. Due to federal budget cuts (sequestration), long-term unemployed who are receiving Emergency Unemployment Compensation (EUC) will see their weekly check cut by 21 percent. In April, there were 1,752 Clark County residents receiving EUC through the state of Washington (perhaps another 800 or so may be claiming through Oregon), along with 554 in Cowlitz County and 23 in Wahkiakum.

Clark County

Clark County's December 2012 employment has been revised upward from 130,600 to 131,800, adding nearly a percentage point to the county's growth rate.

April brought an additional 500 jobs on a seasonally-adjusted basis, keeping the expansion going at about 2 percent. The sources of new jobs have been quite diverse, with most industries on the upswing. The exceptions include finance services, which has had a small decline, and health care & social assistance, which has shed jobs since the beginning of the year.

The unadjusted job count rose by 800 to 131,600. Hiring occurred primarily in business services (+300) and leisure & hospitality (+400).

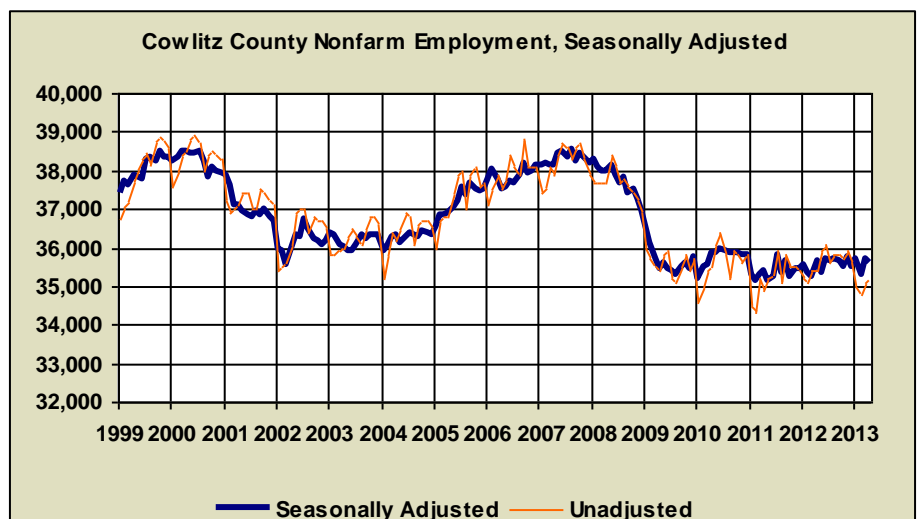


March's jobless rate was revised upward from 8.5 percent to 10.1 percent. April's 7.8 percent will likely end up in the low 9's when it is revisited next month. On a seasonally-adjusted basis, unemployment has fallen close to 9.5 percent. Unemployment claims showed little change outside of seasonal improvement over the month.

Cowlitz County

December nonfarm employment, initially estimated by the U.S. Bureau of Labor Statistics at 36,100, was revised downward by 600 jobs, with the two largest adjustments coming in retail trade (-200) and education & health services (-300). That was enough to push the county from the slow-growth into the no-growth/slightly negative category.

In April there were an estimated 35,200 jobs in the county. That was 100 fewer over the month (after seasonal adjustment) and 100 fewer than last April. While there have been some encouraging gains in goods-producing industries like construction and manufacturing, the service sector has been lagging, with cuts in retail trade



(such as the closure of Sears), health care, and leisure & hospitality.

The labor force has contracted over the year, as people have given up looking for work, perversely pushing the unemployment rate *down* to 9.7 percent when the labor market has been worsening. It's not so much job losses as the low level of hiring and expansion that has been kept the county economy in a funk. Unemployment claims remain at relatively low levels. There has been simply very little forward momentum since the recession bottomed out.

Wahkiakum County

A bit of good news: Wahkiakum's nonfarm employment was revised upward by 30 jobs in the fourth quarter, lifting December's job count from the preliminary 640 jobs to a revised 670 jobs.

Since then, county employment has shown little change outside of normal seasonal patterns. In April there were an estimated 670 jobs in the county, 10 less than a year ago, as gains in logging, construction and manufacturing almost offset losses in the service sector.

Employment was still 200 jobs below the pre-recession peak.

Unemployment was high at 11.0 percent, but has fallen over the year. The labor force and the number of employed residents was a bit higher, so the drop in joblessness appears related to more people getting jobs (presumably outside the county) as opposed to the unemployed giving up on finding a job.

Unemployment claims filed by county residents showed little change over the month and little in the way of trend over the past year. On a seasonally-adjusted basis, there were 20 initial claims filed by the newly jobless, 38 regular claims filed by those unemployed for less than six month, and another 23 claims filed by those with a longer spell of unemployment under the federal Emergency Unemployment Compensation program.

